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LB 401

sales tax rate would equal 72.26 million in 1997-98, that would be for 11 months; and 82.9 million in '98 and '99. But most of all, the sales tax option is fair. Reducing the sales tax would help all people, not just those that pay the income tax. Therefore, it would truly help all people that help contribute to the state's estimated revenue surplus to share in the benefits of that surplus. The anticipated surplus over the next two years does not just come from income tax revenue but from sales tax revenue as well. In fact, it is arguable that the revenue surplus is actually coming from a slow increase in sales tax revenues since the increase in the sales tax rate since 1999 or 1990. If you look at the adjusted revenue figures for sales tax and income tax from 1990 to 1996, they both have about an average growth rate for this period of 5.6 percent. I believe that we must discuss this fact that increased collection of sales taxes have also put us in a position of having an anticipated revenue surplus and whether cutting the sales tax rate is not a wiser option. I believe that we need to spend some time discussing on the floor the option of cutting the sales tax rate rather than the income tax in Nebraska. Reducing the sales tax makes sense and is a fair method of returning any revenue surpluses to the people if that is what the body feels must be done. Thank you, Mr. Speaker, for time and I'm looking forward to some discussion on this amendment.

SPEAKER WITHEM: Thank you, Senator Janssen. Senator Will.

SENATOR WILL: Thank you, Mr. Speaker, members of the body. I rise in opposition to the Janssen amendment. I applaud Senator Janssen for bringing this concept because, frankly, he does make a very good point in his analysis of the sales tax and what a sales tax decrease could accomplish. The sales tax in all the literature is identified as the more regressive tax of the major taxes that are levied particularly when you have the number of exemptions that we have in the state of Nebraska. And he talks about the administrative ease with which a sales tax cut could be implemented and he's correct with that as well. However, I think we need to maintain our focus on LB 401 and the purpose behind that and that is a reduction in the income tax rate. We have reached a point where the Governor and various other individuals that are interested in reducing the income tax have made a good case, I believe, that we have additional revenue